CMS Innovation Center Strategy Refresh: Policy Update

The Innovation Center Releases Its Strategic Vision for the Next Decade

On October 20, 2021, the Centers for Medicare and Medicaid Services (CMS) Innovation Center unveiled its refreshed comprehensive strategy that will inform care transformation in Medicare, Medicaid and the Children's Health Insurance Program (CHIP) in the coming decade. The full strategy document is available here.

Key Takeaways

- The strategy sets a high-level goal of having all traditional Medicare beneficiaries and most Medicaid beneficiaries in an accountable care relationship by 2030. These relationships are described as arrangements where beneficiaries' needs are holistically assessed and care is coordinated within a total cost of care system. This is a shift from previous administrations' strategies, which defined goals around the movement to two-sided risk arrangements, such as the 2019 goal of moving 100% of traditional Medicare payments to two-sided risk alternative payment models (APMs) by 2025.
- Consistent with the Biden Administration's overarching equity themes, the strategy aims to embed health equity in every aspect of Innovation Center models, including new approaches to measurement, data collection and sharing, and model development and expansion to include patients from historically underserved populations.
- The strategy centers on total cost of care models and embraces advanced primary care and affords very little attention to specialty and episodic models. The strategy discusses ways to nest or integrate episodes within accountable care models and ways to reform specialty payment structures as part of the agency's goal of streamlining the model portfolio.
- The strategy aims to incorporate a broader universe of partners and participants, including state and Medicaid partners, consumer and beneficiary groups, the Health Care Payment Learning and Action Network (LAN), and private purchasers and payers. In particular, the strategy emphasizes multi-payer alignment to drive care and strengthening relationships across a broad swath of stakeholders and provider partners.

A Focus on High-Quality, Affordable and Person-Centered Care

Established in 2010 through the Patient Protection and Affordable Care Act, the Innovation Center has launched more than 50 models aiming to reduce costs while maintaining or improving quality of care for Medicare, Medicaid and CHIP beneficiaries. These models have reached almost 28 million patients and more than 528,000 health care providers and plans. However, only six of these

models have generated statistically significant savings to Medicare and taxpayers,[1] and only four models have met the statutory requirements to be expanded.[2] Under §1115(A) of the Social Security Act, the US Department of Health and Human Services (HHS) Secretary can expand the duration and scope of a model when the expansion is expected to reduce spending (without reducing the quality of care) or improve the quality of care (without increasing spending),[3] and the expansion will not deny or limit the coverage or provision of benefits.[4]

Based on the lessons learned from these models and plans for its next decade, the Innovation Center released its comprehensive, refreshed strategy, Driving Health System Transformation – A Strategy for the CMS Innovation Center's Second Decade, which focuses on achieving equitable outcomes through high-quality, affordable and person-centered care. The strategic refresh is organized around five objectives:

	STRATEGIC OBJECTIVES
1	**Drive Accountable Care**
2	**Advance Health Equity**
3	**Support Care Innovations**
4	**Improve Access by Addressing Affordability**
5	**Partner to Achieve System Transformation**

The strategy details the Innovation Center's plans to streamline its portfolio, make total cost of care models the cornerstone of care transformation, emphasize health equity (in addition to cost and quality), deliver additional support to providers (including upfront investments such as increased data and transparency, additional flexibilities and enhanced information sharing), and encourage multi-payer and broad stakeholder engagement.

Strategic Objective 1: Drive Accountable Care

The strategy's cornerstone is the transformation to accountable care. The Innovation Center's first strategic objective is for **all traditional Medicare beneficiaries, and the vast majority of Medicaid beneficiaries, to be in a care relationship with accountability for quality and total cost of care by 2030.**

The strategy centers value-based care transformation on total cost of care models[5] and accountable care entities. The Innovation Center broadly defines accountable care entities to include physician groups, hospitals, other providers, Medicare Advantage plans and Medicaid plans. As a baseline, the strategy notes

[1] Models that showed statistically significant savings include the Maryland All-Payer Model (MDAPM); Repetitive, Scheduled Non-Emergent Ambulance Transport (RSNAT) Prior Authorization Model; the Home Health Value-Based Purchasing (HHVBP) Model; the ACO Investment Model (AIM); the Pioneer ACO Model; and the Medicare Care Choices Model (MCCM).
[2] The Pioneer ACO, Medicare Diabetes Prevention Program (MDPP), RSNAT and HHVBP models met the requirements under Section 1115A(c) of the Social Security Act to be expanded in duration and scope.
[3] The CMS chief actuary must certify that the expansion would reduce (or would not result in any increase in) net program spending.
[4] *See* §1115A(c) of the Social Security Act.
[5] Models that assess what it costs an entity to provide care for aligned beneficiaries, and that generally reward entities for care coordination activities that produce cost savings.

that in 2020, 67% of Medicare beneficiaries were in Medicare Advantage plans or attributed to an accountable care organization.

The strategy also **highlights the importance of advanced primary care** in delivery system transformation. The strategy comments that advanced primary care models such as Comprehensive Primary Care and Comprehensive Primary Care Plus achieved success in incentivizing practices to broaden their care delivery capabilities, extend after-hours care for patients and increase use of care managers. The strategy notes significant drawbacks to these models, however, including limited participation among independent practices, beneficiaries in these models were more likely to be white and less likely to be duals, and these models have not generated savings.

The strategy notes the success of the Accountable Care Organization Investment Model (AIM), which provided advanced payments to support new accountable care organizations (ACOs) in rural and underserved areas. The strategy indicates that the Innovation Center will explore methods to provide time-limited, upfront funds to smaller primary care practices and those with more limited experience in value-based models to prepare them for the transition to accountable care.

The strategy discusses the need to use episodic models to lower cost and improve affordability and value for patients while contemplating that these models would be nested within total cost of care models. **The strategy includes very little discussion about specialty models**, such as medical oncology or kidney care. This is a departure from previous Innovation Center approaches, which highlighted specialty care as an opportunity for care transformation.

The lack of specialty care models and barriers to engaging specialists in existing models have been disappointing to specialists and a challenge for comprehensive delivery system reform. The Medicare Access and CHIP Reauthorization Act (MACRA) created two pathways for physician payment: an advanced APM pathway including a 5% bonus payment for participation in qualifying models, and a merit-based incentive payment system (MIPS) pathway that offers pay-for-performance incentives and penalties. Specialists have faced a host of challenges related to the calculation of the APM bonus and in limitations in the available portfolio of advanced APMs. Participation options did not always qualify as "advanced" APMs, and, therefore, landed participants in the MIPS APM pathway. In many cases, MIPS has been the default participation option for specialists in traditional Medicare.

MIPS has often been criticized as overly complex and administratively burdensome, and annual positive payment updates for successful participation have been small due to several implementation-related factors (including the budget neutral nature of the MIPS program and a large number of excluded clinicians). Specialists likely will have the opportunity to share some of these concerns through listening sessions and other feedback opportunities. We expect that CMS will continue to look for ways to improve MIPS as it encourages the move to greater levels of accountable care.

Finally, the strategy aims to incorporate Medicaid into the accountable care movement in a more focused way than in the past. Key next steps include working with Medicaid programs to better incentivize the transition to APMs and to ensure that Medicaid beneficiaries are not only attributed to a provider, but are in arrangements that drive accountability for quality, outcomes and costs.

Strategic Objective 2: Advance Health Equity

In addition to lowering costs and improving quality, **the strategy strongly emphasizes advancing health equity.** The Innovation Center will embed health equity into every aspect of its models and will increase its focus on improving care accessibility, quality and affordability for underserved populations. All new models will require participants to collect and report demographic data and, as appropriate, data on social needs and social determinants of health. All new models will include

patients from historically underserved populations and safety net providers, such as community health centers and disproportionate share hospitals.

The strategy discusses evaluation results from accountable care models showing that Medicare beneficiaries in these models are more likely to be white and less likely to be dual eligible[6] or live in rural areas relative to other fee-for service beneficiaries in the same market areas. Preliminary analysis of the Direct Contracting model indicated similar results. To address these factors and pursue the Biden Administration's equity goals, the Innovation Center proposes to take several notable steps:

- **Data Collection and Analysis:** The Innovation Center will analyze provider and beneficiary characteristics to ensure the equitable reach of models, incentivize collection of beneficiary-level demographic data and collect social needs data in standardized formats.
- **Building Equity into Model Design:** The Innovation Center will work to improve participation of providers that care for underserved communities, and incorporate equity measures into quality and performance measurements.
- **Building Better Partnerships:** The Innovation Center will work to enhance coordination with community-based organizations, improve screenings and referrals for social needs, and provide support to states seeking to align with Innovation Center models.

This equity lens creates opportunities for providers and other stakeholders to consider how models could be expanded to reach more vulnerable populations, and to consider potential levers (such as financial model modifications) that the Innovation Center could use to drive expansion of coordinated care into new geographic areas. Implementation of this objective may also create new work streams for providers as the agency determines how to collect and process this information and makes modifications across quality programs.

Strategic Objective 3: Support Care Innovations

The strategy **recognizes the need to better support providers in the move to accountable care.** The Innovation Center has committed to supporting providers by enhancing access to data, testing waivers and flexibilities, and emphasizing whole person care.

Within this objective, the Innovation Center acknowledges the need for real-time data to support the transformation to value-based care. The agency commits to making practice-specific data on performance available and indicates that it is considering options for a more interactive value-based care data management system, such as dashboards and other tools that could help providers move to accountable care and forecast their performance once they are in models. The strategy also discusses continued work across CMS, HHS and the Innovation Center to support the adoption and implementation of interoperability standards to allow for information exchange that enhances care delivery. Access to timely, actionable data has long been a challenge for providers and the agency when it comes to APM participation.

Consistent with previous approaches, the Innovation Center states that it will continue to explore regulatory flexibilities for providers in accountable care relationships. Applying the equity lens to this element, the Innovation Center will examine flexibilities that can support the provision of home or community-based care,

[6] Beneficiaries who are eligible for both Medicare and Medicaid enrollment.

especially within total cost of care models. These flexibilities, which were intended to be incentives for model participation, have historically been underused.

As a recent Duke Margolis paper highlighted, in one model, only 8% of participants used the telehealth waiver available to them, and only 4% leveraged a waiver allowing for faster discharge from a hospital to a skilled nursing facility. Stakeholders have previously cited compliance concerns and administrative burden as major barriers to adoption, but the strategy's renewed focus on flexibilities could create opportunities to improve waiver implementation and adoption.

Finally, the paper discusses the need for tools to address social determinants of health in models, including improving the collection of data, addressing gaps in understanding what works, and improving coordination between community-based organizations and healthcare entities.

Strategic Objective 4: Improve Access by Addressing Affordability

The Innovation Center will pursue strategies to make healthcare more affordable and reduce unnecessary and duplicative care. Within this objective, the Innovation Center seeks to reduce program expenditures to lower out-of-pocket costs for beneficiaries, increase utilization of high-value care and deploy waiver flexibilities to encourage the use of high-value services.

The strategy discusses drug pricing models as a potential way to reduce costs and beneficiaries' out-of-pocket obligations. The Innovation Center intends to pursue a drug pricing portfolio that is aligned with HHS's drug pricing plan. Models of interest include Part B models, small scale mandatory models (*e.g.*, outcomes-based arrangements), shared savings models and bundled payments for treatment episodes, including drug administration devices and related services. The Innovation Center likely will not take action on drug pricing until it becomes clear what can be achieved legislatively.

As part of this strategy objective, the agency discusses exploring model tests that change payment structures for specialty care to result in the delivery of high-value, person-centered care. Next steps include identifying ways to align or integrate episode payment models with total cost of care models to ensure accountable, affordable specialty care in addition to advanced primary care. This nesting concept, which comes up throughout the strategy, is a new approach to the specialty models that the Innovation Center has historically operated as independent models. That independence has created long-standing issues stemming from model overlap and other challenges to measuring performance. In addition, policies around overlaps may limit clinician options or otherwise impede participation in a broad range of models. The new approach is likely to raise questions and concerns among the provider community regarding how these models fit together and the payment mechanisms that will be associated with the nesting strategy.

Strategic Objective 5: Partner to Achieve System Transformation

Finally, the strategy recognizes a need to align priorities and policies across CMS and to engage payers, purchasers, providers, states and beneficiaries in care transformation efforts. To support this goal, **all new models (where applicable) will make multi-payer alignment available by 2030.**

The strategy points to the Health Care Payment Learning and Action Network (LAN), a public-private collaboration funded by HHS, as a key partner for implementing the new strategy. The LAN fosters engagement across a wide array of stakeholders and will host its annual summit virtually December 15–16, 2021. Expect to hear more about implementation of the strategic plan from government and external stakeholders at this summit.

Notably absent from the partnering discussion is the Physician-Focused Payment Models Technical Advisory Committee (PTAC), the body that MACRA created to

foster development of new physician-focused APMs. PTAC has recommended many models to HHS for consideration, yet none have been adopted to date.

The strategy also points to the **importance of Medicaid and state partners, beneficiary collaborations, health equity partnerships and cross-agency partners.** This "all-comers" approach to value-based care aims to make the Innovation Center's model portfolio more inclusive and foster greater alignment across payers. This approach will also add complexity in program implementation and challenges to providing timely data sharing, however.

Conclusion

The strategy articulates the Innovation Center's vision for the future of delivery system reform with a focus on accountable care and an emphasis on advanced primary care. The refresh also emphasizes an equity lens on the Innovation Center portfolio and talks about additional strategies to assist providers in the move to value. With the implementation of this strategy, and the MACRA advanced APM bonus provisions set to expire at the end of 2022, the upcoming year is poised to be a potentially significant year for value-based care as there will be an opportunity, and a need, for legislative action. Of course, much of the progress in the move to accountable care relationships will also depend on how the COVID-19 pandemic continues to impact communities at the local level.

As stakeholders digest this strategic refresh, the Innovation Center will continue its outreach and engagement efforts.[7] **Stakeholders should sign up for the Innovation Center listserv** to receive regular updates, including opportunities to participate in future listening sessions about the strategy and model updates. Stakeholders can also submit questions or feedback directly to the Innovation Center by emailing CMMIStrategy@cms.hhs.gov.

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[7] Additional information about the strategy is available here, and FAQs are available here.